

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 SOE-02 CEA-01 DODE-00
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SS-15 STR-07 ACDA-12 /154 W
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R 030805Z APR 78
FM USMISSION USBERLIN
TO SECSTATE WASHDC 6533
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MOSCOW

UNCLAS USBERLIN 0739

E.O.11652: NA
TAGS: EALR, EEWT, ETRT, GW, UR, WB
SUBJECT: EAST WEST TRADE - SOVIET CONTRACT FOR BORSIG

REF: FAM 340

1. SUMMARY: AGAINST INTERNATIONAL COMPETITION BORSIG GMBH HAS SECURED A DM 72 MILLION (CA. U.S. \$36 MILLION) SOVIET CONTRACT PROVIDE TWO GAS LIQUEFACTION PLANTS. DAVY POWERGAS GMBH, A GERMAN BASED BRITISH FIRM WILL ACT AS SUBCONTRACTOR FOR ELECTRICAL EQUIPMENT. END SUMMARY.

2. BORSIG GMBH WHICH IS MEMBER OF GERMAN BABCOCK GROUP IS ONE OF WEST BERLIN'S LARGEST FIRMS WITH 3,000 EMPLOYEES AND LIABILITY CAPITAL DM 35 MILLION. BABCOCK'S PRODUCTION PROGRAM COMPRISES COMPRESSORS, TURBINES, NATURAL GAS PROCESSING GENERATORS, HIGH PRESSURE HEAT EXCHANGERS AND REFRIGERATION EQUIPMENT.

3. THE SOVIET ORDER IS FOR CONSTRUCTION OF TWO CARBON DIOXIDE LIQUEFACTION PLANTS WHICH WILL BE MOUNTED IN THE EAST OF MOSCOW
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AT DIFFERENT LOCATIONS. YEARLY OUTPUT IS PLANNED TO BE ONE MILLION TONS AND 400,000 TONS OF LIQUEFIED GAS RESPECTIVELY. THESE PLANTS ARE CLAIMED TO BE THE LARGEST OF THEIR TYPE. ACCORDING TO BORSIG, TOTAL COSTS OF THIS PROJECT AMOUNT TO DM 72 MILLION (U.S. \$36 MILLION).

4. PLANTS WILL CONVERT CARBONDIOXIDE GAS INTO HIGH PRESSURE

LIQUID GAS. PLANT'S MAIN COMPONENTS TURBOCOMPRESSORS AND COMPRESSION TYPE REFRIGERATION EQUIPMENT. LIQUEFIED GAS WILL BE TRANSPORTED TO SOVIET OIL-FIELDS WHERE IT WILL BE PUMPED INTO DRILL HOLES TO INCREASE FLOW OF CRUDE OIL AND FACILITATE SOVIET OIL EXTRACTION.

5. BORSIG GMBH CONSIDERS NEW CONTRACT LOGICAL DEVELOPMENT OF ITS TRADITIONAL GOOD BUSINESS RELATIONS WITH USSR. ITS MAIN SOVIET TRADING PARTNER IS TECHNOMASCHINIMPORT.

6. THE CONTRACT WAS SIGNED MARCH 29, 1978 AT SOVIET TRADE MISSION IN WEST BERLIN. ACCORDING TO BORSIG'S MANAGEMENT SOVIET TRADE MISSION PLAYED AN IMPORTANT FACILITATING ROLE IN THE CONTRACT NEGOTIATIONS. AT THE SIGNATURE BOTH SOVIET CONSUL GENERAL BYKOV AND RANKING OFFICIAL OF THE SOVIET MINISTRY OF FOREIGN TRADE, FNU TIKUNOV, TOOK PART. GEORGE

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